

5-114A038

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RECORDATION NO. 14634
FILED 1425

APR 24 1985

INTERSTATE COMMERCE COMMISSION

No.

APR 24 1985

Date

Fee \$

20.00

ICC Washington, D.C.

April 24, 1985

202 347-7170

The Honorable James H. Bayne
Secretary
Interstate Commerce Commission
12th & Constitution Avenue, N.W.
Washington, D.C. 20423

RECORDATION NO. 14634
FILED 1425

APR 24 1985

INTERSTATE COMMERCE COMMISSION

Re: Trinity Industries Leasing Company -- Recordation of
Agreement of Sale and Security Agreement

Dear Mr. Bayne:

Pursuant to 49 U.S.C. §11303 and the Commission's regulations at 49 C.F.R. §1177, as amended, I submit on behalf of Trinity Industries Leasing Company, a Texas corporation, an original executed counterpart and one certified copy of each of the following documents for filing and recordation:

1. An Agreement of Sale, dated as of April 15, 1985, between Trinity Industries Leasing Company as vendor and Continental Tank Car Corporation as purchaser; and
2. A Security Agreement, dated as of April 15, 1985, between Trinity Industries Leasing Company as secured party and Continental Tank Car Corporation as debtor.

The names and addresses of the parties to the aforementioned agreements are as follows:

Vendor/Secured Party

Trinity Industries Leasing Company
2525 Stemmons Freeway
Dallas, Texas 75207

Purchaser/Debtor

Continental Tank Car Corporation
200 North Avenue East
Westfield, New Jersey 07091

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The Honorable James H. Bayne
April 24, 1985
Page 2

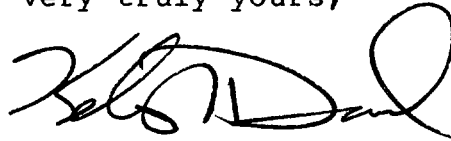
Please file and record the documents referred to in this letter, and index them under the names of the Vendor/Secured Party and the Purchaser/Debtor.

The equipment covered by the aforementioned Agreements consists of one hundred (100) 50-ton wood rack pulpwood railcars, 27-cord capacity, AAR mechanical designation "LP", car type code "LO26", stencilled with the railroad reporting marks "CAGY 12000" through "CAGY 12099", inclusive, in a regular numerical sequence.

Enclosed is our check in the amount of \$20.00 to cover the requisite recordation fee. Please accept for recordation the executed counterpart of each of the enclosed Agreements, stamp the certified copy with your recordation number, and return it to the delivering messenger, along with your fee receipt addressed to the undersigned.

Thank you for your attention to this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Kelvin J. Dowd', written over a horizontal line.

Kelvin J. Dowd
An Agent for Trinity
Industries Leasing Company

KJD:mfw
Enclosures

Interstate Commerce Commission
Washington, D.C. 20423

4/24/85

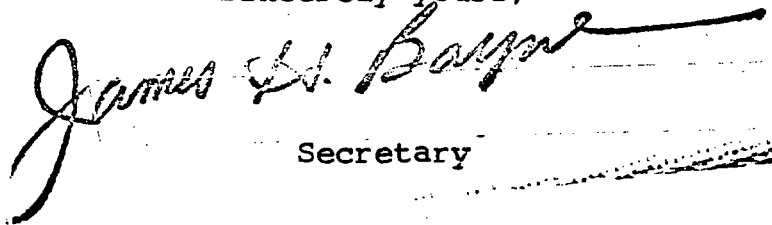
OFFICE OF THE SECRETARY

Kelvin J. Dowd
Slover & Loftus
1224 7th St. N.W.
Washington, D.C. 20036

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 4/24/85 at 11:05am and assigned re-recording number(s). 14634 & 14634-A

Sincerely yours,


Secretary

Enclosure(s)

SE-30
(7/79)

APR 24 1985 11:05 AM

AGREEMENT OF SALE

INTERSTATE COMMERCE COMMISSION

THIS AGREEMENT dated as of the 15th day of April, 1985, between TRINITY INDUSTRIES LEASING COMPANY, a corporation with offices at 2525 Stemmons Freeway, Dallas, Texas 75207 ("Seller") and CONTINENTAL TANK CAR CORPORATION, a corporation with offices at 200 North Avenue, East, Westfield, New Jersey 07091 ("Purchaser");

WHEREAS, Seller is the owner of 100 50-ton 27 cord pulpwood railroad cars currently designated with railroad reporting marks as CAGY 12000-12099, inclusive, (hereinafter collectively referred to as the "Cars") more particularly described in Exhibit A attached hereto; and

WHEREAS, Seller desires to sell the Cars to Purchaser and Purchaser desires to purchase the Cars from Seller;

NOW, THEREFORE, in consideration of \$10 and other good and valuable consideration, the parties agree as follows:

Section 1. The Transaction and Purchase Price

(a) Subject to and in accordance with this Agreement Seller agrees to sell the Cars to Purchaser by delivery of a Bill of Sale and Purchaser agrees to purchase the Cars from Seller for the purchase price hereinafter set forth. Purchaser hereby acknowledges the existence of a lease dated December 9, 1980 pursuant to which it leased the Cars from Seller (the "Underlying Lease"), which instrument remains in force to this date and that the Cars are currently subject to a lease dated June 2, 1981 between Purchaser as lessor and Columbus and Greenville Railway Company as lessee (the "Sublease"). Other than as set forth in Section 8 of this Agreement each of the aforesaid leases shall be unaffected by the terms of this Agreement.

(b) The aggregate purchase price to be paid by Purchaser to Seller for the Cars shall be \$2,350,000 representing a sales price per Car of \$23,500. The purchase price shall be paid to Seller in the following manner:

(i) \$1,195,000 cash or collected funds spendable in Dallas, Texas to be paid by Purchaser at closing; and

(ii) \$1,155,000 to be paid by Purchaser's execution and delivery of a Note in the form of Exhibit B attached hereto which shall be secured by a Security Agreement in the form of Exhibit C attached hereto.

Section 2. Closing

The closing for the sale of the Cars shall take place on April 15, 1985 at such location in Westfield, New Jersey as the parties may agree ("Closing Date"); provided that Purchaser shall have the right to select a Closing Date on not less than 5 days' advance notice to Seller.

Section 3. Representations and Warranties

3.1 Representations and Warranties of Seller

On the date hereof and on the Closing Date, Seller represents and warrants to, covenants and agrees with, Purchaser as follows:

(a) Notwithstanding anything to the contrary contained in the Documents (as hereinafter defined), each of the Cars is being sold "as is-where is" and without representation as to its physical condition other than that Seller hereby represents that it has not actually received any notice or advice to date to the effect that any one or more of the Cars is other than in acceptable operating condition and suitable for interchange.

(b) Seller owns, and by this Agreement will convey to Purchaser, good and marketable title to the Cars free and clear of any and all liens, claims and encumbrances created by Seller except for the Underlying Lease. There are no agreements, leases, purchase options,

liens or encumbrances created by Seller and affecting the Cars which are not disclosed in Section 1(a) of this Agreement or in the public records of the Interstate Commerce Commission.

(c) Seller is a corporation duly and validly organized and existing in good standing under the laws of the State of Texas and has all corporate power and authority to enter into this transaction.

(d) Seller has the power and authority to execute and where appropriate deliver this Agreement and all other instruments and documents in connection with the transactions herein referred to carry out the transactions contemplated thereunder. (This Agreement, and all such other instruments and documents related hereto are hereinafter referred to collectively as the "Documents".) There is no action, suit, or proceeding pending against Seller before or by any court, administrative agency or other governmental authority which brings into question the validity of, or might in any way impair, the execution, delivery or performance by Seller of any of the Documents.

(e) The execution and delivery of the Documents by Seller and the performance by it of its obligations thereunder, including, without limitation, the conveyance of the Cars and the acceptance of the purchase price in exchange therefor, have been duly authorized by all necessary corporate action of Seller and do not violate or conflict with (i) any provision of Seller's Articles of Incorporation or By-Laws, (ii) any law or any order, writ, injunction, decree, rule or regulation of any court, administrative agency or any other governmental authority, or (iii) any agreement to which Seller is a party or by which Seller is bound.

(f) The Documents executed by Seller will constitute the valid and binding obligations of

Seller enforceable against it in accordance with their respective terms, subject, however, to laws of general application affecting creditors' rights and to the discretionary nature of equitable remedies.

(g) All sales, use, property or other taxes, licenses, tolls, inspection or other fees, bonds, permits or certificates which were required to be paid or obtained in connection with the construction of the Cars by Seller have been so obtained or paid in full.

(h) Seller has on or prior to the date of this Agreement delivered to Purchaser, or in the alternative will deliver to Purchaser on or before the Closing Date, a true, correct and complete copy of each and every document in its files pertaining to: (1) the construction of the Cars by Seller, (2) the leasing or utilization of the Cars under the Underlying Lease, (3) the original blueprint and specification sheets and any certificate of construction for the Cars, and (4) all repair and maintenance records and test certificates for the Cars.

(i) EXCEPT AS SPECIFICALLY SET FORTH IN THIS AGREEMENT, OR IN THE BILL OF SALE, SELLER MAKES NO WARRANTIES OR REPRESENTATIONS OF ANY KIND OR NATURE, EXPRESS OR IMPLIED, CONCERNING THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, THE EXISTING LEASES OR THE CARS, THEIR CONDITION, FITNESS FOR A PARTICULAR PURPOSE OR MERCHANTABILITY.

3.2 Representations and Warranties of Purchaser

On the date hereof and on the Closing Date, the Purchaser represents and warrants to, and covenants and agrees with, Seller as follows:

(a) The Purchaser is a corporation duly and validly organized and existing in good standing under the laws of the State of Delaware and has all

corporate power and authority to own its properties and carry on its business in the place where such properties are located and such business is conducted.

(b) Purchaser has the power and authority to execute and where appropriate deliver the Documents and to carry out the transactions contemplated thereunder. There is no action, suit or proceeding pending against Purchaser before or by any court, administrative agency or any governmental authority which brings into question the validity of, or might in any way impair, the execution, delivery, or performance by Purchaser of any of the Documents.

(c) The execution and delivery of the Documents by Purchaser, and the performance of its obligations thereunder, do not violate or conflict with (i) any provision of Purchaser's Certificate of Incorporation or By-Laws, (ii) any law or any order, writ, injunction, decree, rule or regulation of any court, administrative agency or any other governmental authority, or (iii) any agreement to which Purchaser is a party or by which it is bound.

(d) The Documents executed by Purchaser will constitute the valid and binding obligations of Purchaser, enforceable against it in accordance with their respective terms, subject, however, to laws of general application affecting creditors' rights and to the discretionary nature of equitable remedies.

(e) Purchaser is not subject to any restriction or agreement which, with or without the giving of notice, the passage of time, or both, prohibits or would be violated by, the execution, delivery and consummation of the Documents or the transactions therein referred to. The consent of a third party is not necessary for such execution, delivery and consummation by Purchaser.

(f) All sales, use, property or other taxes, licenses, tolls, inspections or other fees, bonds, permits or certificates which were or may be required to be paid or obtained on or after December 7, 1980 in connection with the possession, use or enjoyment of the cars have been so obtained or paid in full.

(g) The security interest granted to Seller by Purchaser by the Security Agreement and the Assignment of Rents contained therein shall be subordinate and inferior to and only to \$1,450,000.00 in debt from Purchaser to The Central Jersey Bank and Trust Company which is being advanced to Purchaser as of the Closing Date (the "Prior Indebtedness"). Purchaser will not modify the Prior Indebtedness without Seller's prior written consent or extend its term beyond April 15, 1995.

Section 4. Indemnification of Seller by Purchaser

To the fullest extent legally permitted, Purchaser shall indemnify and hold Seller, its officers, directors, agents and employees harmless from and after the Closing Date against any claim, loss, damage, cost or expense for personal injury or death (including injury to or death of any employee of Seller or Purchaser), property loss or damage (including loss to or damage of property of Seller or Purchaser) or economic loss arising out of or resulting from the use of the Cars by Purchaser or its lessee or sublessee subsequent to December 7, 1980 (including, without limitation, claims based upon products liability) or any acts or omission of Purchaser in connection with the Cars, whether before or after the Closing Date and all suits, actions, proceedings, demands, assessments, judgments, costs, reasonable attorneys' fees and expenses incident to the foregoing.

Section 5. Permits and Car Markings

Purchaser shall complete all necessary forms and applications incident to acknowledgment by or reporting to the proper authorities regarding the transfer of

the Cars pursuant hereto, and shall, to the extent the same are necessary, complete the following forms:

(a) OT-5 Form, "Application for Authority to Place Privately Owned Freight Cars (Other than Tanks) in Service Under the Provisions of AAR Circular OT-5 Series", and

(b) Form 88-A-4-1, "AAR Record of Certification of Other Than New Cars Sold for Use in Interchange Service", and

(c) All forms incident to registration with, and the securing of a "Passkey" from, AAR-Uniform Machine Language Equipment Register (UMLER), and

(d) All forms incident to registration of the Cars in the Official Railway Equipment Register. All costs of the filings with the AAR shall be borne by the Purchaser.

Section 6. Risk of Loss

Risk of loss with respect to all property sold hereunder shall remain with the Seller prior to the Closing Date, subject to all applicable provisions of the Underlying Lease. After the Closing Date, risk of loss to all property sold hereunder to Purchaser shall rest solely with Purchaser.

Section 7. Waiver of DTPA

Purchaser hereby waives the protection of the Texas Deceptive Trade Practices Act.

Section 8. Action Pending Closing; Termination of the Underlying Lease

(a) Each of the parties hereby agrees that pending closing neither of them shall approve or enter into any (i) amendment of the Underlying Lease or the Sublease, or (ii) any other lease or similar commitment relative to the use of the Cars.

(b) The parties hereto further agree that at closing (i) Purchaser shall pay Seller, in addition to the Purchase Price described in Section 1(b) hereof, the sum of \$254,561.42 in cash or collected funds spendable in Dallas, Texas, such sum representing payments now due the Seller under the Underlying Lease, and (ii) on the Closing Date the parties hereto shall execute an agreement of termination relative to the Underlying Lease substantially in the form of Exhibit D attached hereto.

(c) The parties hereto further agree that Purchaser shall remain liable and responsible for the fulfillment of all financial and other obligations it assumed under the Underlying Lease to and including the Closing Date.

Section 9. Closing

At closing the following instruments shall be delivered by each party hereto to the other:

(a) Documents to be Delivered by
Purchaser to Seller

(i) Cash or collected funds spendable in Dallas, Texas in the respective amounts of \$1,195,000 and \$254,561.42;

(ii) Fully executed Nonrecourse Promissory Note in the form of Exhibit B attached hereto;

(iii) Fully executed Security Agreement in the Nature of a Chattel Mortgage in the form of Exhibit C attached hereto;

(iv) Fully executed UCC-1 Financing Statement (New Jersey form) covering the Cars;

(v) Executed consent letter from The Central Jersey Bank and Trust Company in the form of Exhibit F attached hereto; and

(vi) An Officer's Closing Certificate relating to the representations set forth in Section 3.2 hereof.

(b) Documents to be Delivered by
Seller to Purchaser

(i) Fully executed Bill of Sale relative to the Cars substantially in the form of Exhibit E attached hereto;

(ii) Any documents to be delivered in accordance with Section 3.1(h) of this Agreement; and

(iii) An Officer's Closing Certificate relative to the representations set forth in Section 3.1 hereof;

(c) Other Documents

(i) A Certificate of Termination relative to the Underlying Lease, in the form of Exhibit D attached hereto, to be executed by both parties hereto.

Section 10. Miscellaneous

(a) Survival

The representations and warranties made by the parties herein shall survive the execution and delivery of this Agreement and the consummation of the transactions described therein.

(b) Successors and Assigns

The rights and obligations of the parties hereunder shall inure to the benefit of, and be binding and enforceable upon, the respective successors, assigns and transferees of either party hereto.

(c) Notices

Any notice, request or other communication to either party by the other hereunder shall be given in writing and shall be deemed given on the earlier of

the date the same is (i) personally delivered with receipt acknowledged, or (ii) mailed by certified mail, return receipt requested, postage prepaid, and addressed to the party for which it is intended at the address set forth in this Agreement. The place to which notices or copies of notices are to be given to either party may be changed from time to time by such party by written notice to the other party.

(d) Governing Law

This Agreement shall be governed by and interpreted under the laws of the State of Texas applicable to contracts made and to be performed therein without giving effect to the principles of conflict of law thereof.

(e) Captions

Captions used herein are inserted for reference purposes only and shall not affect the interpretation or construction of this Agreement.

(f) Amendments

This Agreement may be amended or varied only by a document, in writing, of even or subsequent date hereof, executed by Purchaser and Seller.

(g) Nonrecourse provisions

The Purchaser's liability under the Note and Security Agreement is limited as therein provided. It is agreed that should a court of competent jurisdiction find Seller liable to Purchaser under any of the Documents, Purchaser's judgment against Seller shall be enforceable solely by an offset against the Note. This provision survives the Closing Date and controls over all other provisions contained in the Documents.

EXHIBIT A

The rail cars identified by and subject to this Exhibit A consist of one hundred (100) wood rack 50-ton pulpwood cars, 27-cord capacity (5' 6" measured axle spacing, 30' 10" measured truck centers), AAR Mechanical Designation "LP", Car Type Code "L026", currently stencilled with the railroad reporting marks "CAGY 12000" through "CAGY 12099", inclusive, in a regular numerical sequence.

EXHIBIT B

SECURED NONRECOURSE, NONINTEREST-BEARING PROMISSORY NOTE

\$1,155,000

April 15, 1985

CONTINENTAL TANK CAR CORPORATION, with offices at 200 North Avenue, East, Westfield, New Jersey 07090 (the "Debtor") for value received hereby promises to pay to TRINITY INDUSTRIES LEASING COMPANY, with offices at 2525 Stemmons Freeway, Dallas, Texas 75207 ("Trinity") the principal sum of ONE MILLION ONE HUNDRED FIFTY-FIVE THOUSAND DOLLARS (\$1,155,000) without interest on June 15, 1996.

1. Debtor may prepay the principal amount of this Note in full or in part at any time subject to the following terms and conditions: there shall be no penalty or premium due or payable with respect to any such prepayment, any partial prepayment shall be in the amount of \$10,000 or multiples thereof, and Debtor shall not be in default. In addition, the determination of the amount of principal which is being prepaid shall be calculated by applying a discount of 14% per annum calculated semi-annually to the amount being prepaid in order to determine the current value thereof as of the date of prepayment; the payment of such current value shall be deemed payment of the principal amount utilized in such calculation.

2. If default be made in the payment of this Note at maturity or in the performance of any covenant in any instrument securing the payment of this Note, the entire principal balance and accrued interest owing hereon shall at once become due and payable, at the option of the holder of this Note. Failure to exercise this option shall not constitute a waiver of the right to exercise the same in the event of any subsequent default.

3. After default or maturity, principal and past-due interest shall bear interest at the highest rate permitted by applicable law or, if no such maximum rate is established by applicable law, then at eighteen percent (18%) per annum.

4. This Note is secured by a Security Agreement of even date herewith.

5. Except as specifically set forth in the Security Agreement, the makers, signers, sureties, and endorsers of this Note severally waive demand, presentment, notice of dishonor, notice of intent to demand or accelerate payment hereof, diligence in collecting, grace, notice, and protest, and agree to one or more extensions for any period or periods of time and partial payments, before or after maturity, without prejudice to the holder; and if this Note shall be collected by legal proceedings or through a probate or bankruptcy court, or shall be placed in the hands of an attorney for collection after default or maturity, the undersigned agrees to pay all costs of collection, including reasonable attorney's fees.

6. All agreements between the undersigned and the holder hereof, whether now existing or hereafter arising and whether written or oral, are hereby limited so that in no contingency, whether by reason of demand for payment or acceleration of the maturity hereof or otherwise, shall the interest contracted for, charged or received by the holder hereof exceed the maximum amount permissible under applicable law. If, from any circumstance whatsoever, interest would otherwise be payable to

4/10/85

the holder hereof in excess of the maximum lawful amount, the interest payable to the holder hereof shall be reduced to the maximum amount permitted under applicable law; and if from any circumstance the holder hereof shall ever receive anything of value deemed interest by applicable law in excess of the maximum lawful amount, an amount equal to any excessive interest shall be applied to the reduction of the principal hereof and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal hereof such excess shall be refunded to the undersigned. All interest paid or agreed to be paid to the holder hereof shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full period until payment in full of the principal (including the period of any renewal or extension hereof) so that the interest hereon for such full period shall not exceed the maximum amount permitted by applicable law. This paragraph shall control all agreements between the undersigned and the holder hereof.

7. This Note shall be construed in accordance with the laws of the State of Texas and the laws of the United States applicable to transactions in Texas.

8. No covenant, agreement or obligation undertaken in this Note or in the Security Agreement securing the payment hereof shall be enforced against Debtor except out of the sale of the property described in the Security Agreement, and if the proceeds of such sale shall be insufficient to discharge this Note and all other indebtedness secured by the Security Agreement, Debtor shall not be liable on any judgment for or subject to any duty to pay the deficiency; provided, however, that the foregoing limitation on liability shall not apply if and to the extent that (i) Debtor misapplies any condemnation or insurance proceeds attributable to the property described in the Security Agreement, (ii) Debtor commits any fraud, misrepresentation or waste, or (iii) Debtor at any time elects not to carry the insurance required by paragraph 8 of the Security Agreement; provided further that the provisions of this paragraph shall not affect any other remedy available to the holder of this Note or the rights of the said holder in the property subject to the Security Agreement.

CONTINENTAL TANK CAR CORPORATION

By: _____
Name: _____
Title: _____

ATTEST:

IN WITNESS WHEREOF, the parties hereto have executed
this Agreement on the date first above written.

ATTEST:

TRINITY INDUSTRIES LEASING COMPANY

Morris E. Funder
Asst Sec.

By: E. B. Breeding
Vice Pres.

ATTEST:

CONTINENTAL TANK CAR CORPORATION

Edson B. Thomas
V. Pres. & Secy.

By: Wm. Thomas
President

CERTIFICATION

District of)
Columbia) ss:
)

I do hereby certify that I have compared the foregoing
to the original Agreement of Sale executed by the parties thereto
as of April 15, 1985, and find the foregoing to be a true and
correct copy, identical in all respects to the original document.

Kay E. Martin
Notary Public
My Commission Expires: 1-1-89

EXHIBIT C

SECURITY AGREEMENT (WITH ASSIGNMENT OF RENTS)

AGREEMENT made as of this 15th day of April, 1985 by and between CONTINENTAL TANK CAR CORPORATION, a corporation with offices at 200 North Avenue, East, Westfield, New Jersey 07090 ("Continental") and TRINITY INDUSTRIES LEASING COMPANY, a corporation with offices at 2525 Stemmons Freeway, Dallas, Texas 75207 (the "Secured Party");

WHEREAS, in consideration of the payment of Ten (\$10) Dollars, lawful money of the United States, paid by each to the other, receipt whereof is hereby acknowledged, the mutual undertakings hereinafter set forth, and other good and valuable consideration:

THE PARTIES HERETO AGREE AS FOLLOWS:

1. THE UNDERTAKING:

To induce the Secured Party to accept Continental's Promissory Note in the principal amount of \$1,155,000 (the "Note"), and to secure the full and complete performance by Continental under the terms of the Note (the obligations of performance, financial and otherwise of Continental under the Note are hereinafter collectively referred to as the "Obligations"), Continental hereby ~~grants~~ the Secured Party a security interest in the railroad ~~cars~~ cars listed on Schedule A (the "Equipment"), together with all accessions, additions, and improvements to, and substitutions and replacements for, the Equipment, and insurance policies and proceeds and other rights with respect to the Equipment (the "Collateral").

2. REPRESENTATIONS AND COVENANTS OF CONTINENTAL:

Continental represents to and covenants with the Secured Party with respect to its Equipment, which is Collateral hereunder, that:

A. No financing statement or similar filing or any proceeds thereof is on file in any public office except for the filing in favor of The Central Jersey Bank and Trust Company ("Bank").

B. Continental owns the Equipment free from any setoff, claim, restriction, lien, security interest or encumbrance except liens for taxes not yet due and the security interest granted hereby and a security interest in favor of

Bank securing up to but not exceeding \$1,450,000.00 in indebtedness. Continental shall defend the Equipment against all claims and demands of all persons at any time claiming any interest therein adverse to Secured Party.

C. Continental shall pay all costs necessary to obtain, preserve, perfect, defend and enforce this security interest, collect the obligation, and preserve, defend, enforce and collect the Equipment, including but not limited to taxes, assessments, insurance premiums, repairs, and reasonable attorney's fees and legal expenses.

D. At the request of the Secured Party, Continental shall execute and deliver one or more instruments or documents, including financing statements and continuation statements, as the Secured Party may reasonably require.

E. Continental will keep the Collateral in good order and repair and will not waste or destroy the same or any part thereof; and Continental will not use any Collateral in violation of any statute or ordinance, regulation or rule.

F. Continental will pay promptly when due all taxes and assessments upon such Collateral, or for its use or operation.

G. Continental shall not use the Collateral except in the ordinary course of its business, substantially in the same manner as presently conducted, nor sell or further encumber the same, without prior written consent of the Secured Party.

3. DEFAULTS AND REMEDIES:

A. If any one or more of the following events (each an "Event of Default") occurs, the entire unpaid balance of the principal of the Note shall, at the Secured Party's option, and subject to five (5) days written notice from Secured Party to Continental of its intent, become immediately due and payable:

(i) Any representation or warranty made herein shall be determined to have been false in any material respect when made;

(ii) Default in the timely payment of the Note or in performance or observance of the terms and conditions herein;

(iii) Sale, encumbrance or transfer of any Collateral in violation hereof, or substantial damage to the Equipment unless such Equipment is insured pursuant to Section 8 hereof and the insurance proceeds are delivered to Secured Party within a reasonable time following the casualty; or

(iv) Dissolution, or termination of existence, insolvency or business failure of Continental; commencement of proceedings for the appointment of a receiver for any property of Continental; or commission of an act of bankruptcy by Continental; commencement of any proceeding under any bankruptcy or insolvency law by or against Continental unless dismissed within 120 days.

B. Upon the occurrence of an Event of Default as defined above, Continental will, within five days following receipt of written demand from the Secured Party, repay and/or satisfy in full all Obligations. In the event that Continental shall not make such full repayment and satisfy all Obligations within such five-day period, the Secured Party shall be entitled, in addition to any other rights which it may enjoy at law, in equity, under the Uniform Commercial Code, under this Agreement or otherwise:

(i) Without further notice or demand or legal process take possession of the Collateral, all records and items relating to the Collateral and, at the Secured Party's request, Continental will assemble such Collateral and records and deliver them to the Secured Party;

(ii) Sell the Collateral, but the Secured Party shall give Continental reasonable notice of the time and place of any public sale of its Collateral or of the time after which any private sale or other intended disposition thereof is to be made. The requirement of reasonable notice shall be met if notice of the sale or other intended disposition is mailed, by certified mail, postage prepaid, to Continental at its address specified hereunder at least five days prior to the time of such sale or disposition. At such sale the Secured Party may sell the Collateral for cash or upon credit or otherwise, at such prices and upon such terms as it deems advisable and the Secured Party may bid or become purchaser at such sale, free of the right of redemption, which is hereby waived. The Secured Party may adjourn such sale at the time and place fixed therefor without further notice or advertisement, and may sell the Collateral as an entirety or in separate lots as it deems advisable, but the Secured Party shall not be obligated to sell all or any part of the Collateral at the time and place fixed for such sale if it determines not to do so.

4. CONSTRUCTION:

This Agreement shall be construed under Texas law, and federal law to the extent applicable, and references to the plural shall include the singular and others and references to the singular shall include the plural as the contest requires. The invalidity, illegality or unenforceability of one or more provisions of this Agreement or any note evidencing the Obligations shall in no way affect the Secured Party's rights under the remaining portions of this Security Agreement or such Note.

5. NOTICES:

Notices to the Secured Party or Continental shall be deemed received three (3) business days after the notice is deposited in a United States postage recepticle, certified mail, postage prepaid, return receipt requested, addressed to the address of the addressee set forth herein.

6. NONRECOURSE:

Continental's liability hereunder is limited as provided in the Note.

7. ASSIGNMENT OF RENTS:

A. All of the rents, royalties, bonuses, issues, profits, revenue, income, and other benefits derived from the Collateral or arising from the use or enjoyment of any portion thereof or from any lease or agreement pertaining thereto and liquidated damages following default under such leases, and all proceeds payable under any policy of insurance covering loss of rents resulting therefrom, together with any and all rights that Continental may have against any lessee under such leases or any sublessee of any part of the Collateral (hereinafter called the "Rents"), are hereby absolutely and unconditionally assigned to Secured Party, to be applied by Secured Party in payment of the Obligations. Prior to an Event of Default, Continental shall have a license to collect and receive all Rents.

B. Continental hereby assigns to Secured Party all existing and future leases, including subleases thereof, and any and all extensions, renewals, modifications, and replacements thereof, upon any part of the Collateral (the "Leases"). Continental hereby further assigns to Secured Party all guaranties of lessees' performance under the Leases. Prior

to an Event of Default, Continental shall have the right, without joinder of Secured Party, to enforce the Leases.

8. INSURANCE:

Continental shall, at its sole cost and expense, obtain and maintain insurance upon and relating to all insurable Collateral all in form and in companies reasonably acceptable to Secured Party, in amounts equal to 80% of the replacement cost of the Collateral, with loss made payable to Secured Party. Continental shall deliver the policies of insurance to Secured Party promptly as issued; and, if Continental fails to do so, Secured Party, at its option, may procure such insurance at Continental's expense. All renewal and substitute policies of insurance shall be delivered at the office of Secured Party, premiums paid, at least ten (10) days before termination of policies theretofore delivered to Secured Party. In case of loss, Secured Party, at its option, shall be entitled to receive and retain the proceeds of the insurance policies, applying the same on the Obligations. Continental shall have the option to disregard this paragraph at any time during the term of the Note; however, paragraph 8 of the Note shall be ineffective during any such period of time.

9. SUCCESSORS AND ASSIGNS:

This Agreement is binding on the successors and assigns of the parties hereto.

10. SUBORDINATION:

The security interest and assignment of rents contained herein are subordinate to and only to a security interest and assignment of rents in favor of Bank securing no more than \$1,450,000.00 of indebtedness of Continental to Bank.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first above written.

ATTEST:

CONTINENTAL TANK CAR CORPORATION

By: _____

ATTEST:

TRINITY INDUSTRIES LEASING COMPANY

Maurice E. Russell
Asst Sec.

By: _____

E. B. Breeding
Vice Pres.

EXHIBIT D

AGREEMENT OF TERMINATION

The undersigned, CONTINENTAL TANK CAR CORPORATION, a corporation with a principal office in Westfield, New Jersey ("Lessee") and TRINITY INDUSTRIES LEASING COMPANY, a corporation with principal offices in Dallas, Texas ("Lessor") hereby jointly and severally agree that:

1. Lessor and Lessee are the respective parties to a railroad car lease agreement dated December 9, 1980 (the "Lease"), which agreement has remained in effect to this date and relates to the leasing by Lessor to Lessee of 100 50-ton 27 cord pulpwood railroad cars currently bearing the railroad reporting marks of CAGY 12000-12099, inclusive.

2. In consideration of the consummation of the transaction described in that certain Agreement of Sale between the parties hereto dated of even date herewith, Lessor and Lessee by their respective execution of this Agreement, hereby terminate the Lease effective this date. Each of the parties hereto hereby fully and completely releases the other from each and every claim, suit, cause of action or demand which either of such parties ever had, now has or hereafter arising under the Lease.

3. The execution of this Agreement and the termination of the Lease shall have no effect upon any other lease or agreement affecting the herein-referenced railroad cars.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement this 15th day of April, 1985.

ATTEST:

CONTINENTAL TANK CAR CORPORATION

By: _____

ATTEST:

TRINITY INDUSTRIES LEASING COMPANY

Walter E. Lundy,
asst sec.

By:

E. B. Breeding
Vice Pres.

5042B

EXHIBIT E

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS, that TRINITY INDUSTRIES LEASING COMPANY, a corporation with principal offices in Dallas, Texas ("Seller"), for and in consideration of the payment to it of the sum of One (\$1) Dollar and other good and valuable consideration by CONTINENTAL TANK CAR CORPORATION, a corporation with offices in Westfield, New Jersey ("Purchaser"), receipt of which consideration is hereby acknowledged by Seller, does hereby sell, transfer, set over and assign to Purchaser all of Seller's right, title and interest in each of the following items of personal property:

One hundred (100) 50-ton 27 cord pulpwood railroad cars and any equipment and fixtures affixed thereto which is now owned by Seller bearing railroad reporting marks of CAGY 12000 through 12099, inclusive, as more fully described in Exhibit A attached hereto.

TO HAVE AND TO HOLD the same unto Purchaser, its successors and assigns, to its own use and purposes forever subject to the warranties and representations made by Seller to Purchaser in the Agreement of Sale dated of even date herewith.

IN WITNESS WHEREOF, Seller has caused these presents to be signed by its proper corporate officers and caused its corporate seal to be hereunto affixed this 15th day of April, 1985.

ATTEST:

TRINITY INDUSTRIES LEASING COMPANY

Maurice E. Pencil
asst sec.

By:

J. B. Breeding
Vice Pres.

EXHIBIT F

THE CENTRAL JERSEY BANK AND TRUST COMPANY
Route 9
Freehold, New Jersey

April 15, 1985

Trinity Industries Leasing Company
2525 Stemmons Freeway, 10th Floor
Dallas, Texas

Re: \$1,450,000.00 Extension of Credit by The Central
Jersey Bank and Trust Company ("Bank") to Continental
Tank Car Corporation ("Borrower")

Gentlemen:

We are the owner and holder of the above-captioned indebtedness (the "Indebtedness") which is secured by a Security Agreement and by an Assignment (such documents being collectively referred to as the "Security Interest").

We understand that you contemplate making a loan to Borrower in the amount of \$1,155,000.00 (the "Loan") and that the Loan is to be secured by a subordinate security interest and assignment of rents covering the property described on Exhibit A attached hereto (the "Property"). We have been advised that you have required our execution of this letter as an essential condition precedent to making the Loan.

Accordingly, please be advised as follows:

1. There is no default in payment of any indebtedness from Borrower to Bank. To the best of our knowledge, there is no default under any other covenant or provision of any document evidencing or securing any indebtedness of Borrower to Bank and no act or omission has occurred which, with the giving of notice or the passage of time, or both, would constitute a default thereunder.

2. We acknowledge our consent to the imposition of a second and subordinate security interest upon the Property which will secure the Loan. We have marked our records to

Trinity Industries Leasing Company
April 15, 1985
Page 2

indicate your security interest in the Property, and we will give you written notice of any default under the Security Interest or any other related loan documents and a reasonable opportunity to cure same prior to instituting foreclosure proceedings with respect to the Property; however, we may immediately proceed to exercise any other rights or remedies we may have against the Borrower or any guarantors of the Indebtedness.

3. The Security Interest in the Property secures only the Indebtedness and no other debt.

4. For so long as Bank's Security Interest remains in effect, insurance proceeds which are received as a result of any damage to or destruction of the Property shall be prorated as follows: (a) 55.66% of the proceeds shall be paid to Bank and applied to the Indebtedness; and (b) 44.34% of the proceeds shall be paid to you and applied to the Loan. Notwithstanding the foregoing, to the extent that insurance proceeds are received in excess of \$26,050.00 per railroad car, such excess sum shall be payable to Borrower.

This letter is written and delivered to you with the knowledge on the part of the undersigned that you will rely upon the contents of this letter in consummating the Loan.

Very truly yours,

THE CENTRAL JERSEY BANK AND TRUST
COMPANY

By: _____

Name: _____

Title: _____

Trinity Industries Leasing Company
April 15, 1985
Page 3

STATE OF NEW JERSEY, COUNTY OF UNION, ss.:

I certify that on April __, 1985, _____
personally came before me and this person acknowledged under
oath, to my satisfaction, that:

(a) this person signed, sealed and delivered the attached
documents as _____ of The Central Jersey Bank
and Trust Company, the corporation named in this document;

(b) the proper corporate seal was affixed; and

(c) this document was signed and made by the corporation
as its voluntary act and deed by virtue of authority from its
Board of Directors.
